

I want to welcome all of you to Ottawa for this special seminar on international debt and development.

The task before you is complex. These are issues that must not be measured only in dollars or Deutschmarks or pesos; instead, they must be measured in the hopes and prospects for millions of people around the world.

Debt is not the cause of under-development. People, governments and businesses borrow money to invest in their future, to develop and build their dreams. Borrowed money, invested wisely, can bring real benefits.

For their part, creditors lend money to finance exports and to support development projects to stimulate economic activity.

A loan is therefore much more than a financial transaction. It is intended to be a win-win contract based upon trust and confidence between individuals, businesses and countries.

We must not lose sight of these underlying relationships as we seek to assess the relationship between debt and development.

The so-called debt crisis erupted in the early 1980s when it became clear that too much easy money had been lent and borrowed, when growth did not measure up to sometimes unrealistic expectations and the costs of servicing the debt exceeded the capacity to pay. There was a threat to the international financial system and to the economies of the debtors.

As many of you know, Canada has been both generous and innovative in its efforts to bring relief to debtor nations to help restore the balance in mutual benefits.

To date, we have forgiven over \$1.2 billion in Official Development Assistance (ODA) loans since 1978. This places Canada at the forefront of Organization for Economic Co-operation and Development (OECD) countries.

We have been instrumental in generating consensus on the so-called "Toronto terms" in 1988, and in the recently agreed-upon "Trinidad terms," which provide debt relief for the poorest.

We are prepared to go even further for the poorest countries -- as high as 75 per cent or 80 per cent -- where it can be shown that such terms are warranted. We played a key role in establishing the Enhanced Structural Adjustment Facility (ESAF) at the International Monetary Fund (IMF) to support adjustment in debt-distressed low income countries and in creating the World Bank's Special Program for Africa.

I should add that our faith in the system is also based on past experience. Canada has not hesitated to provide aid to countries who found themselves in difficult circumstances, countries like Guyana, Jamaica and Zambia. We led the Guyana Support Group, the